

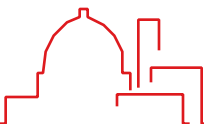


Green Power Marketing Fundamentals

Real World Strategies That Have Increased Enrollment 55% YTD.

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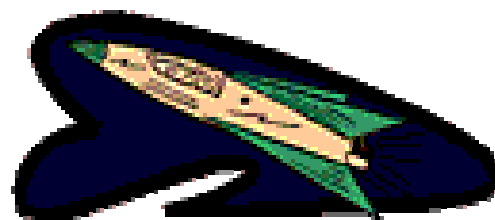
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Agenda

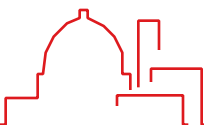
- Introduction to Greenergy
- Share tips for producing campaigns that deliver customers
- Show how we've used them to increase enrollment 55% YTD
- Prove that marketing isn't rocket science ... It's just common sense



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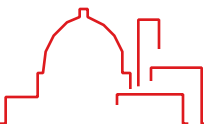
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SMUD's GREENENERGYSM

- An energy-based green pricing program available to approximately 455,000 residential customers
- 50% or 100% products
- Flat rate or penny per kWh pricing options



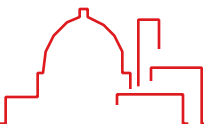
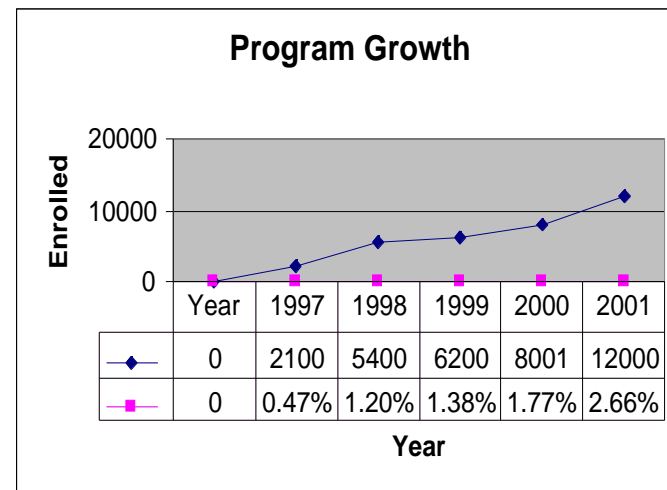
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Program history

- Introduced in 97
- Rapidly escalated to the 1% threshold and stalled 98-99
- Product redeployed in July 2000
- Up 55% YTD (4,400+ YTD)



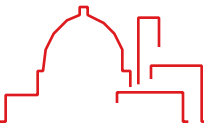
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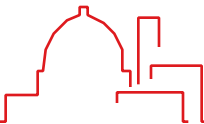
Producing campaigns that deliver

- Start by doing your homework
 - How is your program working?
 - Cost per customer, where they come from, how long they stay
 - What are others up to?
 - What do your customers want?
 - Product features
- Then segment
 - Find your best list of likely responders



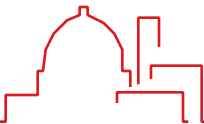
Producing campaigns that deliver (Cool doesn't always matter)

- Don't over-design.
 - Content more important than packaging
- Design to get key messages noticed
 - Use subheads, captions, and narrow columns to pull readers through copy
- Too slick? Too bad. (Remember our market)
 - Every time I get too pretty, I suppress response



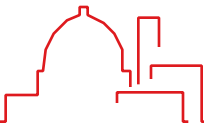
Campaigns that deliver - continued

- Build in accountability
 - Design to be easily tracked and evaluated (mail codes, e-mail addresses/forms)
- Give creative teams direction
 - Use a message platform



Evaluating your media options

- Cost per impression, inquiry and sale
- Choose based on your goals
 - Awareness - reach
 - Sales - frequency
- Media planning
 - 3+ frequency
 - Do posts - We got 7K in make goods last year
- Target 15% - 20% in production costs



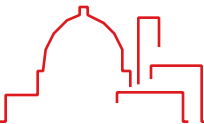
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A Simplified marketing process

- Analyze
- Plan
- Implement
- Review and revise



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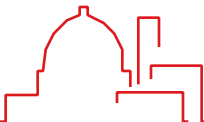
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Analysis - internal

- Benchmark your program to create cost/benefit visibility
 - Not done previously
 - From a variety of departments
 - Some resistance

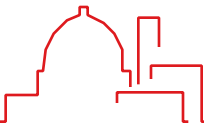
2000 PROGRAM EVALUATION REPORT (SAMPLE)

Sales Channel	Date	Target Population	Sales	Response Rate	Cost	Cost Per Sale
Call Center	Ongoing	45,000	10	0.02%	-	-
Customer Retention	Ongoing	800	5	0.63%	-	-
KVIE Magazine Ad	Feb-00	40,000	6	0.02%	\$1,200	\$200.00
Envelope	March	450,000	-	-	\$8,000	-
Bangtail	March	450,000	901	0.20%	\$12,240	\$13.58
Radio	March	450,000	-	-	\$22,755	-
CSUS Earthday-	Apr-00	12,000	22	0.18%	\$2,383	\$108.32
Direct Mail: (Brochure With Bumper Sticker)	Apr-00	10,000	136	1.36%	\$14,110	\$103.75
Trade Show	May-00	-	6	-	-	-
Day in the Zone	Jun-00	17000	31	0.18%	\$20,468	\$660.26
Direct Mail: Oversize Brochure - Nexus CD	Jul-00	11711	78	0.67%	\$9,552	\$122.46
Raley's Display	Jul-00	500,000	28	0.01%	-	-
Bangtail	Jul-00	450,000	774	0.17%	\$12,240	\$15.81
Direct Mail: BRC/Letter (10K(a), 3.5K (c), 1K (d)) 1st Class	Aug-00	14,500	200	1.38%	\$9,425	\$47.13
Direct Mail: BRC/Letter (10K(a), 1K (b), 3.5K (c), 1K(d)) Bulk	Aug-00	15,500	198	1.28%	\$8,525	\$43.06
Zoo Direct Mail	Aug-00	10500	7	0.07%	\$10,500	\$1,500.00
SFNC	Sep-00	3,000	17	0.57%	\$5,200	\$305.88
Direct Mail: BRC/BRO (4.7K(a), 2.3K (c)) 1st Class	Sep-00	7,000	86	1.23%	\$8,750	\$101.74
Direct Mail: BRC/BRO (4.7K(a), 1K (b), 2.3K (c)) Bulk	Sep-00	8,000	88	1.10%	\$9,200	\$104.55
Zoo Day	Sep-00	3000	5	0.17%	\$1,000	\$200.00
Bill Insert	Oct-00	450,000	440	0.10%	\$8,000	\$18.18
Mower Letter	Nov-00	1,100	47	3.18%	\$600	\$12.77
Mailer 11/27	Nov-00	5,000	74	1.48%	\$2500	\$33.78
TOTALS			SALES		DOLLAR	\$/SALE
			3159		\$166,648	\$52.75



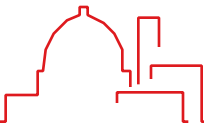
Analysis - external

- In search of best practices
 - SMUD's Market Research Group contacted 15 of the most successful Green Power marketers to determine:
 - Enrollment levels
 - Marketing tactics
 - Product features
 - Secondary research including E-Source, NREL



Analysis - customer

- Audit the customer experience
- Audit product service bundle
- Methods used
 - Telephone survey
 - Focus groups
 - Talked directly with customers
 - Guerilla tactics work - phone # in mail



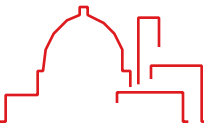
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What we learned about Greenergy program performance

- SMUD's green penetration rate was low
 - 1.4% SMUD
 - 1.7%. Average.
 - Top performers ranged 2.08% - 4.55%
- Our \$53.00 cost per customer was about average
- Bill package, partnership efforts and direct mail efforts part of all successful programs



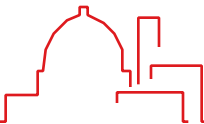
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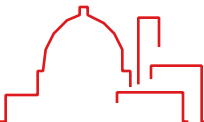
What we learned about our product ...

- Customers wanted simplified pricing
 - Customers don't understand kWh
- The ability to buy green power was a starting point, but customers wanted more renewables built
- Partnerships needed to be more relevant for customers to respond



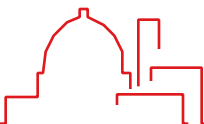
What we did with our findings...

- Product enhancements
 - Simplified flat rate pricing
 - (\$3 for 50% / \$6 for 100%)
 - A build fund
 - 40% of premiums collected build new renewable power plants
 - More support for marketing partnerships
 - Jamba Juice



Greenenergy plan enhancements

- Specific and more measurable goals
- An integrated marketing calendar scheduled to the week
- More in-depth segmentation
- Included a message platform to guide creative teams



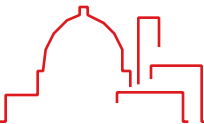
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Greenergy goals

- 13,052 customers by year-end
- With no increase in per customer acquisition costs
- Maintain churn at 1% or less each month



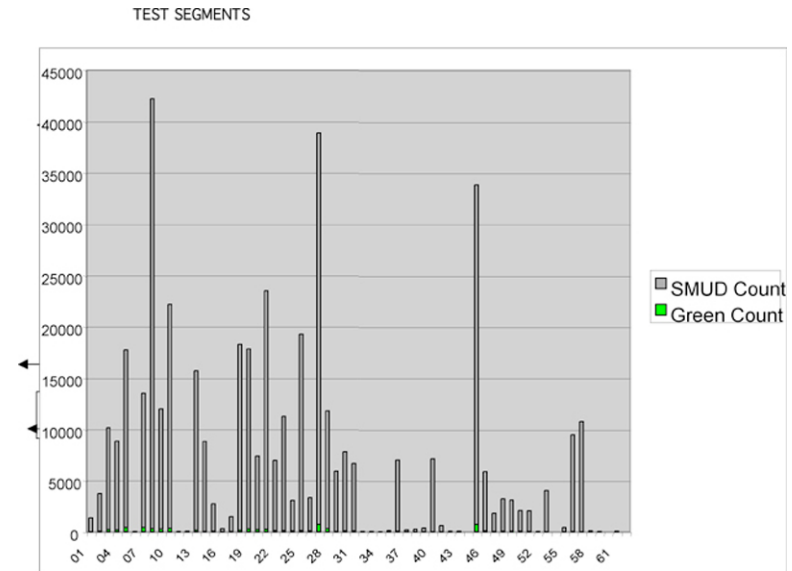
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Greenergy segmentation Prizm/Claritas

- A neighborhood lifestyle segmentation model
- Assigns one of 62 clusters to each household in the district
- Works with other commercially available studies



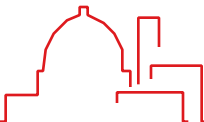
Cluster Number	Cluster Name	SMUD Customers	Greenergy Customers	Market Potential
45	Single City Blues	33,115	708	32,407
8	Young Literati	41,952	287	41,665
27	Urban Achievers	38,168	700	37,468
7	Money & Brains	13,092	408	12,684
25	Mobility Blues	19,127	127	19,000
5	Kids & Cul-de-Sacs	17,286	417	16,869
		Total Potential		160,093



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Message platform

- Gives you control of the “what” before wasting time on the “how”
- Forces you to think through issues
- Saves rounds of revision

Background:

- See previous materials.

Target Audience:

- 55% female
- Averages 5 visits per month.
- Active
- 55K+ HHI

What Target Currently Thinks:

- Likely not to know about Greenergy.
- Concerned about energy crisis. Feeling a bit disenfranchised.
- Use Jamba as food or dessert.
- Health and fitness oriented.

What We Want Them to Believe:

- Joining Greenergy gets them ~~fulfilling~~ ~~fulfilling~~
- Joining Greenergy costs as little as \$3 per month
- Joining helps the environment
- Joining helps the energy crisis because 40% of the premium builds new plants

Major Selling Idea:

- SMUD's Greenergy Gets You Free Smoothies

Deliverables:

- 60 second spot

Creative Strategy:

- That's an advertising thing. Heads up. They're picky about what they c
Either "smoothies" ~~Jamba~~ Juice."

Mandatories:

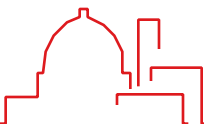
- Gotta stay on for 6 months
- Offer just for SMUD customers
- Available only at selected Jamba Juice locations in SMUD service territories.
- Joining helps the environment
- Joining helps the energy crisis because 40% of the premium builds new plants.
- One per SMUD account.



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Greenergy implementation

- Calendar to help integrate all efforts
 - Keyed to Earth Day and bill package insertions
 - Front loaded
 - Mail to even out the year

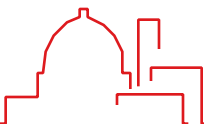
Activity	Sales	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Advertising	0												
Bangtails	2000												
Bill Insert	400												
Call Center	850												
Commercial	100												
Connections	0												
Internet	0												
Newsletter	0												
Outreach	0												
Partnerships	450												
Earth Day	70												
Mail – Green	1590	10	40		45	15	5	20	5	5		14	
Mail – Cluster	590	10					5	20	5	5		14	
Mail – Cust.	0			9				11				13	
Mail – Coop	60				6								
PR	0												
TOTALS	6110												



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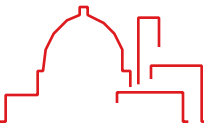
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Results

- Over 4,500 net new customers by 7/31/01
- Response rates on mail from up from 1.1% to 1.5%
- \$/new customer from \$53.00 to about \$16.00



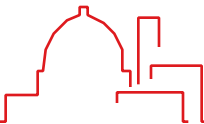
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Results (continued)

- We know which segments and messages perform best
- Churn at forecast 1%
- New partnership with Jamba Juice delivered more than 450 customers in first 30 days



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Thank you!

- Stay in touch - I'd like to hear about your program
 - jburke@smud.org
- This PowerPoint presentation is available on line
 - It's a green thing

